

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2065

2007 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2065

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2065

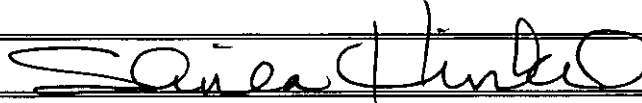
Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: **January 8, 2007**

Recorder Job Number: Laurie Wolf -#739 (18:30-19.02) Rest of meeting #74 0

Committee Clerk Signature



**A BILL for an Act to amend and reenact subsection 1 of section 26.1-26-13.3 of the North Dakota Century code, relating to elimination of mandatory prelicensing education requirements for insurance producers.**

All members present

### TESTIMONY

Laurie Wolf, ND Insurance Dept.

**L. Wolf:** presented her attached testimony

**S. Potter:** So what you're suggesting is you'll have to take continuing education over a 2 year period, but if we pass this, there is no ethics.

**L. Wolf:** up to the state regulator is in compliance with uniform in education hours, and must have ethics training, too.

**S. Wanzek:** wouldn't there still be a market for the educational services?

In other professions, does a realtor just have to pass the exam?

**L. Wolf:** There are other professions that have other examination requirements,

Some may be self-study. It doesn't take away candidate training.

**S. Potter:** What you have suggested is that 18 states do not have class room requirements, and by dropping our requirements we can drop that in ND?

**L. Wolf:** What reciprocity is refers to Gramm-Leach-Bliley bill in 2001, to get more uniform. Once person has satisfied all their home state requirements, as long as I satisfy my home-state requirements, all of the states will reciprocate with me.

Problem: isn't just state specific. Many are licensed in several states so we need to get all states to adopt a uniform standard.

Non-resident licenses will stay active as long as I'm paying the seasonal state; don't have to file educational hours; must meet all of my home state requirements.

We want to get the licensing more uniform. Was 24 hours of which 3 hours must be ethics.

[explained process for several states to be licensed]

**S. Klein:** Request for any more in favor of bill.

**Kent Olson:** Director of ND PIA (Professional Insurance Agents of ND)

3 Associations country wide:

1. PIA Professional Insurance Agents
2. NFIA National of Financial Insurance Agents – Underwriters
3. IIABA Independent Insurance Agent Brokers of America – known as the Big “I”

Follow regulations with agents. ND have about 300 agencies around state.

Survey Members – 64% in favor of eliminating mandatory classroom requirement

Because of convenience. [explains how people from out-of-town find inconvenience of travel and scheduling]

Can study on internet. 4 major providers for licensing – 2 for profit – in Fargo, Bismarck is non-profit, prices about the same, do classes and hopefully pass the test. Test is tough.

Support bill because of convenience of mandatory pre-licensing.

**S. Klein:** Because of the uniformity, isn't it incumbent upon the agents to want to get on board, or would they rather be regulated by the Federal

**K. Olson:** "Regulations by the Feds" is fightin' words for us. We oppose every bill of the Federal charter, we fight it at the national level and the state level. We support state regulation.

**S. Klein:** ...it is about uniformity and it is an attempt to do that

**K. Olson:** reciprocity, many of our states now market in many states.

**S. Klein:** so 36% weren't necessarily thinking in this direction.

**K. Olson:** the 36% that were opposed I don't know. Haven't analyzed to see why they oppose it. May be some board members feel we will lose revenue by looking at it as a form of revenue. General consensus is we will not lose revenue.

**S. Klein:** Any other questions?

**S. Hacker:** Answer might be, are they trying to create barriers for new agents, with the pre-licensing course.

**K. Olson:** there is always competition, envy and jealousy and fence-building that can happen. We want open competition on a level playing field. The GLB act established a level playing field.

**Pat Ward:** Consensus is that this is a silly requirement to make this course mandatory.

Courses would still be available for people who want to take it. They still would have to pass it.

**S. Heitkamp:** Do you think you should be able to take bar exam to become a lawyer without going to law school?

**P. Ward:** I'm neutral on it.

**S. Heitkamp:** That's what we're debating here, to me you pass the test, if you don't pass the test, you're not selling insurance, as part of consumer protection, it isn't taking away from the customer as if they don't pass the test, they're pooched anyway.

**P. Ward:** We should still have that in the law business, too.

**S. Behm:** Does this mean that it would be mandatory; is it mandatory now?

**P. Ward:** There are specific licensing courses that are offered that the statutes require people to take.

**S. Behn:** It would be regulated to some degree

**P. Ward:** they would still have to pass the test to sell a specific line of insurance. This would just allow for self-study in getting ready for the test.

**Terry Weis:** representing ND Insurance and Financial advisors. [Intern Stephanie, daughter]

Support bill. Had to travel to Mpls to go to pre-licensure school. Tests aren't easy.

**S. Klein:** Any opposition?

**S. Andrus:** I'd like to move that the 2065 a do pass recommendation.

**S. Klein:** we have a motion in the second, in discussion. Senator Potter

**S. Potter:** I wonder what the rush is to get licensed? Seems to me that the classroom time is fairly valuable we're talking about a level playing field, yes, most agents will take classroom because they want to pass the test, they're going to get that, those people have gone farther, they've done more to get their license than those people who simply are good at testing and are able to pass the test, without that kind of procedure, so I don't know, in the question of uniformity and consistency, we're using it as a way to prevent overregulation which I agree with, I think we should have Federal regulations, but if we just eliminate our state standards and say, "Well, you know, we want to be uniform with the states that have the least standards in this regard or something, we sort of advocated the reason that you have state regulation, we can put our imprint on it. You can say, "ND we have higher standards," I'm leaning against voting for the bill.

**S. Klein:** Senator Potter, in 2001 I'd probably would have agreed with you, but since the passage of GLB the country's on full-speed ahead on agreeing with full reciprocity that we would have, there would be anything in ND that we would say or do or regulate that would be included in that, having listened in the last 3 or 4 sessions, I know the need to review this uniformity and I'm certainly going to be supportive of this. Any other discussion?

Bill closed.

**COMMITTEE ROLL SB 2055**

**Senator Heitkamp** made a motion for a **Do Pass**. Second by **Senator Hacker**.

Roll call vote 6-1-0. **Passed**. Floor carrier is Senator Andrist.

SB 2055 was placed on the 11<sup>th</sup> order on the calendar.





**REPORT OF STANDING COMMITTEE (410)**  
January 8, 2007 12:55 p.m.

**Module No: SR-04-0302**  
**Carrier: Andrist**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2065: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2065 was placed on the Eleventh order on the calendar.**

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2065

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2065

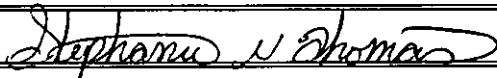
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 26, 2007

Recorder Job Number: 3896

Committee Clerk Signature



Minutes:

**Chair Keiser** opened the hearing on SB 2065.

**Laurie Wolf, ND Insurance Department:** Support SB 2065. See written testimony #1.

**Rep. Thorpe:** Why are we loosening this up, so to speak?

**Laurie:** We actually aren't loosening it up, what we're trying to do is become a little bit more uniform in our licensing, and education process. What we have is candidates that would like to have pre licensing education, and take it how they deem necessary, as far as helping prepare for the exam. The exams are not going away, and there are essentially two national vendors in the country that administer insurance exams, and we have one, the other half of the country has the other. We have several states, about 18 or more that do not mandate pre licensing today, and have never mandated pre licensing. They prepare for the exams how they feel necessary, whether it's self study, online training, or a classroom setting, because there is no way you can get through the exam without some type of education.

**Rep. Keiser:** The language that is being deleted, if you really read it carefully, it says you can take the pre licensing exam within 6 months. It is just a licensing exam, correct?

**Laurie:** What is eliminated here is that mandatory pre licensing education classroom requirement. It is actually in administrative rules that set out that this classroom only is 8 hours

per major line of insurance. So, for example if you wanted to be property and casualty, you would need to have 16 hours of pre licensing education, classroom only.

**Kent Olsen, Professional Insurance Agent Association in ND:** Support SB 2065. We are the independent main street agents that basically sell homeowners, auto, crop insurance, etc. I'm also the instructor, and the approved director, coordinator of continuing education for pre licensing. This bill would just eliminate the mandatory date/hour per line for training for taking the exam. We're still going to offer the same materials, I'm going to teach the same classes to try to get you licensed, because the insurance law book alone has 50 questions, but the law book is 800 pages, so we try to condense it into a learnable form. We have nothing to do with testing; we just provide the information for you to try to pass the test.

**Rep. Dietrich:** What changes besides the 8 hours of pre licensing? Do you still have education classes per line?

**Kent:** Yes, there are two issues. The first issue that the bill deals with is pre licensing, the continuing education requirements for hours, and methods would be unchanged. So, this bill would strictly eliminate the mandatory pre license requirement.

**Norbert Mayer, ND Association of Insurance & Financial Advisors:** Support SB 2065. I can recall when I tested for the state insurance exam, and there was no licensing school, so I guess we're going back to where we were. The thing is to date there are so many more opportunities to obtain that education. Two years ago the classroom continuing education was discontinued, and I know there are many computer based training programs, and so many other opportunities available. I think this really is not watering anything down, it's simply saying that individuals can use different ways to prepare. A lot of the people coming into the insurance industry are probably a 2<sup>nd</sup>, 3<sup>rd</sup> career individual, and in the past they've had to take time off from work, and probably weren't willing to let their employer know at that point what

they were doing, but this makes it a whole lot easier for people to prepare for the licensing exam, and so we support his particular bill.

**Rep. Amerman:** Where do they have to take these 8 hours per line exams? Where do they take these courses?

**Norbert:** Basically, the courses are offered primarily at Fargo and Bismarck, and very rarely at Minot, which becomes another major inconvenience for somebody from say Crosby wanting to prepare for pre licensing.

**Rep. Thorpe:** I move a do pass.

**Rep. Vigesaa:** Second.

**Roll call vote was taken. 13 Yeas, 0 Nays, 1 Absent, Carrier: Rep. Dietrich**

Hearing closed.

Date: 2-26-07  
Roll Call Vote #: \_\_\_\_\_

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
BILL/RESOLUTION NO. SB 2065

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS

Motion Made By Rep. Thorpe Seconded By Rep. Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman	X	
Vice Chairman Johnson	X		Rep. Boe	X	
Rep. Clark	X		Rep. Gruchalla	X	
Rep. Dietrich	X		Rep. Thorpe	X	
Rep. Dosch	X		Rep. Zaiser	X	
Rep. Kasper					
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 13 No 0

Absent 1

Floor Assignment Rep. Dietrich

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**SB 2065: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2065 was placed on the Fourteenth order on the calendar.**

2007 TESTIMONY

SB 2065



**SENATE BILL NO. 2065**

**Presented by:** Laurie A. Wolf  
Director of Licensing and Investigations  
North Dakota Insurance Department

**Before:** Senate Industry, Business and Labor Committee  
Senator Jerry Klein, Chairman

**Date:** January 8, 2007

**TESTIMONY**

Mr. Chairman and members of the committee:

Good morning, my name is Laurie Wolf, Director of Agent Licensing and Investigations Division for the North Dakota Insurance Department. I appear before you today to introduced Senate Bill No. 2065, relating to the elimination of mandatory prelicensing education requirements for candidates seeking to qualify and obtain a North Dakota resident insurance producer license.

This bill repeals the mandatory prelicense education requirement that currently requires that an applicant for licensure complete within six months of the filing of the application an approved prelicensing course of study for the lines of authority for which the individual has applied.

The main purpose of this bill is to bring North Dakota's law into compliance with the National Uniform Licensing Standards as adopted by the National Association of Insurance Commissioners (NAIC). Currently, there are approximately 18 states that do not mandate prelicensing education requirements and we strongly feel that a candidate for licensure should be able to decide how the candidate will need to prepare to take the insurance exam(s). In the states that do not mandate prelicensing education requirements, prelicensing providers still hold both classroom and self-study prelicensing courses to assist candidates in their preparation to take the required

insurance exam(s). For example, South Dakota is one of the states that does not have a mandatory prelicensing education requirement and candidates for licensure still participate in both self-study and classroom prelicense education courses that are offered by several insurance education providers including the South Dakota Independent Agents Association (Big I) and the National Association of Financial Advisors (NAIFA).

That concludes my testimony on Senate Bill No. 2065 and the Department would respectfully request your favorable consideration of the bill from this committee.

If there are any questions, I would be happy to answer them. Thank you.

#1

**SENATE BILL NO. 2065**

**Presented by:** Laurie A. Wolf  
Director of Licensing and Investigations  
North Dakota Insurance Department

**Before:** House Industry, Business and Labor Committee  
Representative George Keiser, Chairman

**Date:** February 26, 2007

**TESTIMONY**

Mr. Chairman and members of the committee:

Good morning, my name is Laurie Wolf, Director of Agent Licensing and Investigations Division for the North Dakota Insurance Department. I appear before you today to introduced Senate Bill No. 2065, relating to the elimination of mandatory prelicensing education requirements for candidates seeking to qualify and obtain a North Dakota resident insurance producer license.

This bill repeals the mandatory prelicense education requirement that currently requires that an applicant for licensure complete within six months of the filing of the application an approved prelicensing course of study for the lines of authority for which the individual has applied.

The main purpose of this bill is to bring North Dakota's law into compliance with the National Uniform Resident Licensing Standards that all states have been working diligently to adopt in order to be more uniform and reciprocal with each other. Currently, there are approximately 18 or more states that do not mandate prelicensing education requirements and we strongly feel that a candidate for licensure should be able to decide how the candidate will need to prepare to take the insurance exam(s). In the states that do not mandate prelicensing education requirements, prelicensing providers still hold both

classroom and self-study prelicensing courses to assist candidates in their preparation to take the required insurance exam(s). For example, South Dakota is one of the states that does not have a mandatory prelicensing education requirement and candidates for licensure still participate in both self-study and classroom prelicense education courses that are offered by several insurance education providers including the South Dakota Independent Agents Association (Big I) and the National Association of Financial Advisors (NAIFA).

That concludes my testimony on Senate Bill No. 2065 and the Department would respectfully request your favorable consideration of the bill from this committee.

If there are any questions, I would be happy to answer them. Thank you.